

Exhibit 3
HAT #3
400

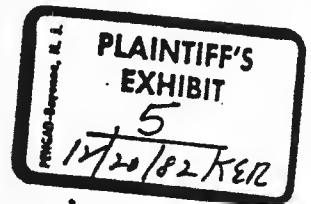
HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 1 MARCH 1966

Remimeo
Exec Sec Hats
HCO Area Sec Hat
Org Bd Section Hat
Secretary Hats

Office of LRH

THE GUARDIAN



The post of THE GUARDIAN is established herewith.

The Guardian is the most senior executive of Scientology just below the Executive Director. The post is senior to Executive Secretaries.

The character of the post is best understood legally as "Trustee" or even "Proprietor Sole" and exercises the powers and carries out duties similar to that of a high church officer entrusted with the funds or survival of his group. The Guardian may use the signature "Trustee" in business letters or dealing with outside interests such as law firms and may claim and establish the status of proprietor sole when corporate status of Scientology funds or interests is in question.

The Office of the Guardian is located in the Office of LRH.

The Guardian may have personal secretaries and clerks and these are in the Office of LRH and the Executive Division and are, for personnel purposes, under the LRH Communicator as Co-ordinator of the Office of LRH and the Division Secretary.

The Guardian is posted in every Executive Division by post and name in Division 7.

In other than the International Executive Division, if the org is large enough there may be an Assistant Guardian but if so the Guardian is posted and also the Assistant Guardian for the Area Org.

The purpose of the Guardian is:

TO HELP LRH ENFORCE AND ISSUE POLICY, TO SAFEGUARD SCIENTOLOGY ORGS, SCIENTOLOGISTS AND SCIENTOLOGY AND TO ENGAGE IN LONG TERM PROMOTION.

The Guardian has five actions:

Policy
Danger
Affluence
Long Range Promotion
Intelligence

POLICY ACTION

(Note: See HCO Pol Ltr 1 March 66 for the full plan of the Office of Guardian.)

The Guardian, without relieving the LRH Comm from his duty of refusing to pass anything contrary to policy, enforces and issues policy and passes on any new policy recommended on channels already established but usually re-issues and enforces existing policy.

This section has the LRH Mimeo Unit.

The basic files and Archives of policy and technology and artifacts belong to this section as the Archives Unit.

This action also has files of all recommended policies.

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DANGER

This action is the "LRH Heavy Hussars Hat". This function is to move in heavily where there is a threat of great importance to an org or Scientology after the usual lines and posts have goofed. The term comes from the old cavalry purpose of Hussars who were held in reserve until a battle line was dangerously bowed, at which they were sent in to straighten it out.

This activity contains a file unit consisting of every Sec Ed issued by any org. This file system has a separate file in which every danger condition declared on any staff member is filed by org and date. It also has a file of every Ethics order issued by org and date.

This activity also contains a file of org boards of all orgs.

The activity can call on OIC WW for graphs of any period.

The section can conduct investigations into any slump.

All Danger Conditions regardless of when and how assigned are traced as to what changed before they occurred and a full record of all findings is kept and published.

The Guardian can demand a hearing for removal of any Scientology Executive when:

(a) The Guardian has had to wear the Heavy Hussar Hat to rescue a decayed situation;

(b) No Ad Council or others seem to be effective in fighting a danger condition.

Heavy Hussar actions include heavy emergency promotions on a zero time limit to salvage a situation, financial or otherwise.

AFFLUENCE

All commendations or Honours have to be passed by the Guardian before issue and are issued in the name of the Executive Director.

This however is a secondary function of this activity.

The primary function is to be informed of and to trace every affluence awarded to find out what happened before it occurred and to publish findings.

This activity has a file of all affluences ever declared and another file for the full findings. None of this relieves the Ad Council or HCO from finding, declaring and discovering what happened. It just makes certain the action has been taken and that it is correct and gets published.

In this activity the Guardian can convene a "Board of Commendation" to look into affluences and find what caused them and publish the result and commend the responsible parties.

LONG RANGE PROMOTION

Without relieving any HCO Exec Sec or Dissem Sec or ES Comm Dissem, Dist Sec or ES Comm Dist of promotion responsibility, the Guardian works out or calls for and approves the long range promotion of Scientology.

This activity draws up motifs for magazines for a year in advance, draws up Congress names.

The activity tells the org what to promote, what to stress and co-ordinates promotion.

The section can get promotional ideas and the Guardian approving them see that they are carried out.

INTELLIGENCE SECTION

Both planetary and organizational intelligence is handled by this activity.

Intelligence is defined as information leading to predictions of occurrences and useful in forecasting events and so assisting planning and in handling matters arising from events.

The Planetary Intelligence Unit works with newspapers economic newsletters bulletins of intelligence services etc., and keeps a file of clippings under headings of interest to Scientology. By such studies one can predict which way cats are going to jump and organize to meet situations which may threaten Scientology from possible enemies or to take advantage of situations which might benefit Scientology.

The Org Intelligence Unit receives copies of all SO #1 letters watching for upsets or trends in specific areas in order to correct those in control of the area and regularly reviews the number of Dead Files per area to see if some area of Scientology has more dead filed than others.

It is true that entheta in an area is proportional to org incompetence in that area and real trouble in areas has always been preceded by at least two years of heavy entheta in public letters from that area.

The Planetary Planning Unit works out ways to prevent future attacks and how to take advantage of situations that will develop.

The Org Planning Unit predicts trouble by such things as too much entheta from an area, too much sex going on in an org and, working closely with HCO plans how to reorganize the org in that area without destroying it. Such planning also handles a public programme for an entheta area to weaken anti-Scientology propaganda, at the same time stiffening up Ethics and quality of service in the area and investigating why Ethics and quality of service are down so they can be remedied.

STATISTIC

The Guardian's statistic for each org (and that of the Int Exec Div in each org) is a dual statistic as follows:

THE AMOUNT OF CASH IN THE BANK AS PER THE LAST WEEK'S BANK STATEMENTS PLUS THE AMOUNT OF CASH ON HAND AS PER 2:00 PM THURSDAY OF THE CURRENT WEEK OF THE REPORT.

THE TOTAL OF DEBTS OWED BY THE ORG PLUS OVERDRAFTS AND CURRENT PAYMENTS DUE ON MORTGAGES, HIRE PURCHASE (TIME PAYMENTS) AND LOANS AND BOND OR SHARE RETIREMENT BUT NOT THE TOTAL GROSS AMOUNT OF MORTGAGES, HIRE PURCHASE (TIME PAYMENTS) OR LOANS OR BONDS.

These two figures are to be included in the beginning of OIC cables in the order above.

It will be seen that it is hard to get a bank to give one an exact figure due to cheque clearance, for "2:00 PM Thursday" so in actual fact one takes last week's bank statements credit balance of all accounts and adds to it this week's total receipts, neglecting outstanding cheques as the matter will average.

In computing the debts owed by the org it would be quite unreal to add up the mortgage totals, time payment (hire purchase) totals and all outstanding stocks and bonds as the call on the org is for current payments on these due or any retirement programme. The monthly bills statement (in actual practice) can serve as this statistic providing that during the succeeding month one does not deduct from it payments made from it as new debts are growing at the same time and the matter tends to average out.

Each org, having a board for the Int Exec Div must also have a local statistician.

At Worldwide the International Executive Division has a composite statistic made up of all org Int Exec Divs added and graphed.

The local Int Exec Div has the local org's dual statistic as above and that of the Guardian's local statistic or that of the Assistant Guardian where one is appointed.

The Guardian's statistic Worldwide is the composite.

Where there is a Continental Exec Division (required when orgs are very large) the Continental Assistant Guardian's statistic (and that of the Continental Executive Div) is the composite of the Guardian statistics for that continent.

Where the Guardian finds the local or Continental or Worldwide statistics being falsified or are grossly in error, the Guardian must order the Ad Council Worldwide to send a competent WW executive to conduct an investigation.

The Guardian may empower through the Ad Council WW that representative to bring about prosecution for irregularities. If this procedure is ineffective, the Guardian being also a local executive may personally direct the matter to be satisfactorily concluded and to bring about correct statistics.

POWERS

The powers of the Guardian may not be deputized or exercised by any committee or Council or deputy or assistant and may only be exercised by the Guardian.

The Guardian's powers are derived from the Executive Director who already has and exercises these powers.

The powers are:

The Guardian may transfer any organization's funds anywhere at will. The Guardian is a signatory on every bank account of every organization and there shall be no org bank accounts on which the Guardian is not a signatory. The Guardian may set up trustee accounts for Scientology, Scientologists or organizations on which only the Guardian is a signatory.

Any transfers of large sums of money by any Ad Council or Executive or any member requires the permission of the Guardian to be legal and the instrument of transfer or cheque is actually signed by the Guardian - no matter how large requires it.

Any large and unusual expenditure may only be made in an org by a document or credit cheque signed by the Guardian.

Any plan or project that will cost any large sum over a long time period shall be authorized only by the Guardian.

The Guardian may cancel without recourse any overly ambitious plan which might threaten the solvency of orgs or pledge them to banks or which finance non-Scientology projects or unreal projects.

In times of threatened insolvency of an org the Guardian may shut off any or all purchase orders in that org, reduce its expenditures and take over all cheques being sent for that org or make any other needful financial arrangements or arrangements to resolve the financial straits of that org or even shut it down.

The Guardian authorizes all new orgs and only the Guardian may shut down or dissolve an org.

Any purchase or sale of real property of an org is authorized only by the Guardian (buildings and land).

The design of new buildings or structures or conversion of old ones and the location of their use is authorized only by the Guardian.

Ad Councils usually propose such measures as detailed above to Ad Council which, if it approves them, proposes them to the Guardian. However, the

Guardian can initiate such measures as above without a proposal by an Ad Council.

The Guardian may cancel or suspend or award certificates and awards.

Any new corporate planning or new accountancy arrangements require the signature of the Guardian before they can be put into effect.

The Guardian may dismiss any Executive or staff member seeking to deny or exercise the Powers of the Guardian.

The Guardian may be removed as provided herein for knowingly transferring funds or property for the aid or support or furthering the interests of persons or groups hostile to Scientology or for not shutting off such transactions the moment they are found by the Guardian to be hostile.

The Guardian may issue Suppressive Orders and Ethics Orders independent of any other executive and directly order Ethics or dismiss and replace and order an Ethics Officer or HCO Area Sec in times of danger or external threats to the org or Scientology.

The Guardian may remedy obvious miscarriages of justice by cancelling orders.

The Guardian may suspend Franchises or Staff Membership or the use of corporate names or the name Hubbard or the word Scientology or its materials for improper use or lack of use.

The Guardian may draw on any org for personal expenses or pay when engaged upon work for that org wholly or only partially for that org.

Travel expenses and living expenses of the Guardian are paid by the org most benefitting.

All HCOs are called upon to defend the person, duties and planning of the Guardian and give the Guardian total support to the exclusion of all others in times of danger.

BASIC DUTIES

The keynote of the post of Guardian is that it functions without being closely involved with the mechanics of administration or orgs. The Guardian is not a member of the Ad Council WW and does not attend its meetings but can supervise it in a general way or intervene if it strays from its functions or is in trouble.

The post floats free in that it has no fixed lines it cannot ignore and none needs to carry out his regular duties by an okay from the Guardian.

But the Guardian has great power in that none but the Executive Director can cancel an order from the Guardian.

The Guardian can create a new Section, get it functioning and give it to its right place in a division.

The Guardian can also take a faltering section from the org, get it functioning and give it back, this resulting of course in a Danger Condition having to be assigned that Department or Division or Exec Sec. Via Assistants the Guardian can direct them to get a Section functioning in their org and give it to a division or take over a dangerous section and get it functioning and give it back. Danger Formula applying as usual.

If the Guardian accumulates new functions the Guardian must remember to give them over eventually to the right Department.

COMM LINES

The Guardian issues Sec Eds on white paper, blue ink, writes depatches on white paper. No LRH Comm ok is required for a Guardian Sec Ed. A Personnel Sec Ed need be okayed by the Dir Personnel only if the Guardian requests it.

The Guardian may issue HCO Exec Orders on white paper and is the only one besides the Exec Director who can. All Guardian HCO orders, Sec Eds, Exec Eds are signed the Guardian's name plus the Guardian for L. Ron Hubbard, Executive Director.

The Guardian's Telexes have priority over all but the Executive Director's.

AUTHORITY

The Guardian can order any ES Comm or Secretary via the proper Exec Sec Ad Council, and may order the Liaison Communicator in any matter not contrary to his basic hat.

No Ethics chit can be filed on the Guardian except a Job Endangerment chit.

Any Hearing or Comm Ev of the Guardian can only be ordered by the Executive Director personally.

ASSISTANT GUARDIAN

An Assistant Guardian can exist in any org that is big enough. It may not be worn as an additional hat. It is appointed only by the Guardian.

The Assistant Guardian does not act as the Guardian in the Guardian's absence but only forwards direct orders from the Guardian and collects data from the Guardian. An Assistant Guardian has no power of his own not derived from the Guardian's authority directly and so may not act independently without direct instructions from the Guardian.

In an Area Executive Division the Assistant Guardian functions as liaison to the Guardian and the Guardian's four sections and in a very very large org may have these sections as "Liaison Sections" to wit (for an Area Org):

- Policy Liaison Section
- Danger Liaison Section
- Commendation Liaison Section
- Long Range Promotion Liaison Section

These collect data for or issue orders for or enforce the orders of the WW Guardian Sections.

Assistant Guardians are directly under the orders of the Guardian and not the Executive Director, but are under the Div 7 Sec and the office of LRH Co-ordinator for personnel purposes.

ADCOUNCIL WW

The Ad Council WW or its deputies are nominated by the Personnel Officer on the basis of statistics and record and training only as a list of persons and their details.

The Guardian approves from this list the candidates and they are appointed by the Executive Director or in his absence, by the Guardian.

All other Executive Secretaries are appointed by the Ad Council WW on the basis of statistics.

All Exec Secs are usually appointed from Secretaries who have had long and consistent high divisional statistics in divisions they headed and a lack of danger conditions.

LRH COMMS

All Comms are nominated by the Personnel Officers of their org with a list of names and the statistics records of each and approved by LRH Comm WW and appointed by the Executive Director. But in the absence of an Executive Director LRH Comms are finally appointed by the Guardian after all the above steps are taken.

GUARDIAN APPOINTMENTS

A Guardian is appointed by the Executive Director personally.

In the prolonged absence of the Executive Director the Guardian nominates a successor to himself or herself which nomination becomes an appointment when the past Guardian vacates the post. In short, the post, in the absence of the Executive Director is willed.

If for any reason the past Guardian has failed to will the post and the Executive Director is absent and the post of Guardian falls vacant then all the Personnel Officers in the world meet and nominate by drawing up a list of the Exec Secs and Secretaries and Assistant Guardians and ES Comms of all orgs who have the highest statistics over the longest period of time and the highest levels of training on policy and tech and comparing these reduce the list to five and submit these to a meeting of all the Exec Secs in the world who then decide which of the five is the most suitable Guardian and the post is then filled. Selection is not done by vote by the Personnel Officers meeting or Exec Secs meeting but solely by statistics. And all the statistics of nominees must be published as the Guardian is finally selected.

If a new Guardian at the end of 3 years in office is seen to have had bad statistics with orgs collapsing, the conclave of Personnel Officers and Exec Secs as described may occur as described and appoint a new Guardian, publishing full reasons why.

ASSISTANT GUARDIANS

Assistant Guardians are appointed by the Guardian from a list submitted by the Personnel Officers of the org for which the Assistant Guardian is being appointed.

FIRST APPOINTMENT

The First Guardian is Mary Sue Hubbard.

L. RON HUBBARD

LRH:ml:mb
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